

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3308-01
BILL NO.: HB 1601 with HCA No. 1
SUBJECT: Department of Agriculture; Motor fuel
TYPE: Original
DATE: April 10, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Petroleum Inspection Fund	(\$115,330)	\$24,316	(\$2,363)
Total Estimated Net Effect on <u>All</u> State Funds	(\$115,330)	\$24,316	(\$2,363)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue** (in response to HB 1601) assume their agency would not be administratively impacted by this proposed legislation.

Officials from the **Department of Agriculture** (AGR) assume the MDA Fuel Quality Program will require one additional chemist to handle the extra testing of all gasoline samples as well as instructing the service station operators, suppliers and terminals as to the requirements. One additional Fuel Device Safety Inspector will be required to assist in enforcement of the labeling and documentation requirements. The chemist will use an existing gas chromatograph and the inspector will require a pickup truck, camper shell, sample collection equipment and oxygenate analyzer. The existing three inspectors will also each use an oxygenate analyzer.

AGR noted that the chemist will be responsible for performing the oxygenate tests and contacting all sellers not complying with the requirements. This proposal will require one additional Fuel Device Safety Inspector to offset the lost inspection time of the present three inspectors performing fuel quality inspections and sampling. The inspectors will carry portable oxygenate analyzers and will be used as needed for enforcement purposes. Considerable increase in follow up inspections is expected. The Fuel Quality Program is currently inspecting 55% of the service stations annually.

AGR noted that Chapter 414.012 through 414.152 is funded solely from the Petroleum Inspection Fee Fund. AGR also noted that the Director of Revenue (DOR) must increase the fee rate to cover the cost of the program. Therefore, **Oversight** assumes, pursuant to 414.082, DOR will increase fees to recoup the costs incurred by the Petroleum Inspection Fund. In the fiscal impact, Oversight has indicated an increase in fees to recoup costs incurred for each previous calendar year. Lag time in recoupment and timing differences between fiscal and calendar years create a negative fiscal impact in some years.

Oversight has adjusted AGR's Personal Services to reflect a more reasonable starting salary for the positions requested. Additionally, Oversight adjusted Expense and Equipment to a more reasonable figure.

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<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
PETROLEUM INSPECTION FUND			
<u>Income - Department of Agriculture</u>			
Increased Fees	\$79,305	\$133,392	\$109,614
<u>Cost - Department of Agriculture</u>			
Personal Service	(\$45,920)	(\$56,482)	(\$57,893)
Fringe Benefits	(\$14,120)	(\$17,368)	(\$17,802)
Expense and Equipment	<u>(\$134,595)</u>	<u>(\$35,226)</u>	<u>(\$36,282)</u>
Total <u>Cost</u> - AGR	<u>(\$194,635)</u>	<u>(\$109,076)</u>	<u>(\$111,977)</u>
Estimated Net Effect on PETROLEUM INSPECTION FUND	<u>(\$115,330)</u>	<u>\$24,316</u>	<u>(\$2,363)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

Small businesses who sell motor fuel containing oxygenate would be expected to experience an increase in administrative costs due to the provisions in this proposal.

DESCRIPTION

This bill requires sellers of motor fuel containing an oxygenate to notify buyers of the type of oxygenate used.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Agriculture
Department of Revenue

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "e" at the end.

Jeanne Jarrett, CPA
Director
April 10, 2000